# HORNED CATTLE FUND

## FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

PROVINCIAL AUDITOR
*of Saskatchewan*

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Horned Cattle Fund which comprise the Statement of Financial Position as at March 31, 2015, and the Statement of Operations and Changes in Net Financial Assets and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 2015, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 22, 2015

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Statement 1

**HORNED CATTLE FUND**
**STATEMENT OF FINANCIAL POSITION**
**As of March 31**

| | 2015 | 2014 |
|---|---|---|
| **Financial Assets:** | | |
| Due from General Revenue Fund (Note 4) | $ 44,192 | $ 53,117 |
| Accounts receivable | 12,712 | 7,560 |
| Accrued interest receivable | 87 | 106 |
| | $ 56,991 | $ 60,783 |
| **Liabilities:** | | |
| Accounts payable | $ 5,000 | $ 2,696 |
| **Net financial assets** (Statement 2) | $ 51,991 | $ 58,087 |

(See accompanying notes to the financial statements)

**HORNED CATTLE FUND**
**STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS**
**Year Ended March 31**

| | Budget 2015 (Note 6) | Actual 2015 | Actual 2014 |
|---|---|---|---|
| **Revenues** | | | |
| Deductions | $ 28,000 | $ 29,492 | $ 30,237 |
| Less: commissions | 420 | 495 | 478 |
| Net deductions | 27,580 | 28,997 | 29,759 |
| Interest revenue (Note 4) | 500 | 364 | 482 |
| Total revenue | 28,080 | 29,361 | 30,241 |
| **Expenses** (Schedule 1) | | | |
| Grants | 28,500 | 28,500 | 45,500 |
| Administration (Note 8) | 5,000 | 5,000 | 5,000 |
| Advisory committee honoraria and travel | 2,500 | 1,957 | 1,450 |
| Total expenses | 36,000 | 35,457 | 51,950 |
| Deficit for the year | $ (7,920) | (6,096) | (21,709) |
| Net financial assets, beginning of year | | 58,087 | 79,796 |
| Net financial assets, end of year (Statement 1) | | $ 51,991 | $ 58,087 |

(See accompanying notes to the financial statements)

Statement 3

**HORNED CATTLE FUND**
**STATEMENT OF CASH FLOWS**
**Year Ended March 31**

| | 2015 | 2014 |
|---|---|---|
| Cash flows from (used in) operating activities: | | |
| Receipts from deductions | $ 23,846 | $ 26,348 |
| Receipts from accounts receivable | --- | 30,000 |
| Interest and other receipts | 383 | 494 |
| Payments to suppliers and Advisory committee | (4,654) | (3,750) |
| Grant payments | (28,500) | (45,500) |
| Cash flows from (used in) operating activities | (8,925) | 7,592 |
| Net increase (decrease) in cash and cash equivalents | (8,925) | 7,592 |
| Due from General Revenue Fund, beginning of year | 53,117 | 45,525 |
| Due from General Revenue Fund, end of year | $ 44,192 | $ 53,117 |

(See accompanying notes to the financial statements)

**HORNED CATTLE FUND**
**NOTES TO THE FINANCIAL STATEMENTS**
**March 31, 2015**

## 1. Legislative Authority

The Horned Cattle Fund (Fund) continues under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all grant payments from the Fund subject to the approval of the Minister of Agriculture.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers to pay the producers' market price less $2 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983,* requires dealers to remit the $2 deducted for each head of cattle less a $0.03 per head dealer commission to the Fund.

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act), was assented to by the Lieutenant Governor of Saskatchewan. This Act contains amendments to the current legislation. Under these amendments, the deductible amount will increase from $2 per head to $10 per head for cattle sold with horns. The increase will be effective when the Act is proclaimed. The Act has not yet been proclaimed.

## 2. Management's Responsibility

The fund's management is responsible for the reliability and integrity of these financial statements. In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

## 3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A statement of change in net debt has not been prepared as information is readily determinable from the other statements. A statement of remeasurement gains and losses has not been prepared as the fund does not have any remeasurement gains or losses.

The following accounting policies are considered significant:

a) Revenue:

Deductions revenue and related commissions are recognized when the cattle are sold.

Interest income is recognized as revenue when earned.

b) Grants:

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds:

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.

## 4. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2014-2015 is 0.92 per cent (2013-14 – 1.02 per cent).

## 5. Commitments

At year-end, the Fund's Advisory Committee approved future grant and administration expenditures totalling $56,850 (2015 - $28,500) for future projects. Included in this amount is:

| | 2016 | 2015 |
|---|---|---|
| Canadian Western Agribition | - | 5,000 |
| Semiarid Prairie Agricultural Research Centre | 6,000 | 6,000 |
| Saskatchewan Stock Growers Association | - | 10,000 |
| Prairie Conservation Action Plan | - | 7,500 |
| Livestock Services of Saskatchewan | 50,850 | - |

## 6. Budget

The Advisory Committee approved the 2014-15 budget on March 28, 2014

## 7. Financial Instruments and Risk

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is not exposed to significant credit risk, market risk or liquidity risk from these financial instruments.

## 8. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

**Schedule 1**

**HORNED CATTLE FUND**
**DETAILED LIST OF EXPENSES**
**For the Year Ended March 31**

| | 2015 | 2014 |
|---|---|---|
| Personal Services: | | |
| Advisory member costs | $ 1,957 | $ 1,446 |
| Grants: | | |
| Prairie Conservation Action Plan Office | 7,500 | 7,500 |
| Saskatchewan Stock Growers Association | 10,000 | 20,000 |
| Saskatchewan Society for the Prevention of Cruelty to Animals | --- | 5,000 |
| University of Saskatchewan | --- | 5,000 |
| Semiarid Prairie Agricultural Research Centre | 6,000 | |
| Canadian Western Agribition | 5,000 | 8,000 |
| | 28,500 | 45,500 |
| Supplier Payments: | | |
| Payees under $50,000 | 5,000 | 5,004 |
| | 5,000 | 5,004 |
| | $ 35,457 | $ 51,950 |